

HOUSE FILE \_\_\_\_\_  
BY BALTIMORE

**A BILL FOR**

1 An Act relating to the retention of funds due to contractors on  
2 public improvements.

3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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1 Section 1. Section 573.1, Code 2011, is amended by adding  
2 the following new subsections:

3 NEW SUBSECTION. 2A. "*Principal contractor*" means those  
4 persons, firms, or corporations having contracts directly with  
5 the public corporation.

6 NEW SUBSECTION. 6. "*Subcontractor*" shall include every  
7 person, firm, or corporation performing labor for or furnishing  
8 materials to a public improvement, except those persons, firms,  
9 or corporations having contracts directly with the public  
10 corporation.

11 Sec. 2. Section 573.15, Code 2011, is amended by striking  
12 the section and inserting in lieu thereof the following:

13 **573.15 Exception.**

14 1. A person, firm, or corporation performing labor for or  
15 furnishing materials to a subcontractor shall not be entitled  
16 to a claim against the retainage or bond under this chapter  
17 unless the person, firm, or corporation performing the labor or  
18 furnishing the materials does all of the following:

19 a. Notifies the principal contractor in writing with a  
20 one-time notice containing the name, mailing address, and  
21 telephone number of the person, firm, or corporation performing  
22 the labor or furnishing the materials and the name of the  
23 subcontractor for whom the labor was performed or to whom the  
24 materials were furnished, within forty-five calendar days after  
25 first performing the labor or furnishing the materials for the  
26 public improvement. Additional labor performed, or materials  
27 furnished by the same person, firm, or corporation to the same  
28 subcontractor for the public improvement shall be covered by  
29 this notice.

30 b. Supports the claim with a certified statement that the  
31 principal contractor was notified in writing with a notice  
32 containing the name, mailing address, and telephone number  
33 of the person, firm, or corporation performing the labor or  
34 furnishing the materials and the name of the subcontractor for  
35 whom the labor was performed or to whom the materials were

1 furnished, within forty-five calendar days after the labor  
2 was performed or the materials were furnished, pursuant to  
3 paragraph "a".

4 2. Notwithstanding any other provision of this chapter, a  
5 principal contractor shall not be prohibited from requesting  
6 information from a subcontractor or from a person, firm, or  
7 corporation performing labor for or furnishing materials to a  
8 subcontractor regarding payments made or payments to be made  
9 to a person, firm, or corporation performing labor for or  
10 furnishing materials to a subcontractor.

11 3. This section does not apply to claims for labor  
12 filed by employees of principal contractors or employees of  
13 subcontractors.

14 4. A public corporation shall not retain any part of the  
15 unpaid fund due to the contractor as provided in this chapter  
16 because of the commencement of any action by the contractor  
17 against the state department of transportation under authority  
18 granted in section 613.11.

19 EXPLANATION

20 Current law provides an exception to the requirement that a  
21 public corporation retain a portion of funds due a contractor  
22 on a public improvement project in a fund for the payment  
23 of claims for materials furnished and labor performed. The  
24 exception provides that a public corporation need only retain  
25 funds due a supplier of material to a general contractor if  
26 the supplier provides the general contractor with one of two  
27 permitted types of notice after the materials are supplied.

28 This bill provides that the exception shall apply to both  
29 claims for labor and claims for material. The bill also amends  
30 the notice requirement to provide that a supplier of labor  
31 or material to a general contractor must give only one type  
32 of notice, along with a certified statement that such notice  
33 was given. The bill provides that a principal contractor, as  
34 defined in the bill, shall not be prohibited from requesting  
35 information from a subcontractor or from an entity performing

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1 labor for or furnishing materials to a subcontractor regarding  
2 payments made to the entity from the subcontractor for labor or  
3 materials. The bill provides that the bill does not apply to  
4 claims for labor filed by employees of principal contractors  
5 or employees of subcontractors.

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